



Sales Tax Newsletter

News and developments

A publication of the Sales and Special Taxes Division


Rick Clayburgh
Tax Commissioner

May Monthly Returns Due June 22

If you are required to file monthly returns and are eligible to deduct compensation on Line 23 of your Sales and Use Tax Return, **you must file your May sales tax return by June 22, 2005.** North Dakota sales tax law moves the due date of certain May monthly returns from June 30 to June 22 at the end of each biennium, which occurs in odd-numbered years. If you are required to file your May return early, the June 22, 2005 due date will be preprinted on your form or displayed on your WebFile return.

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If the early due date applies to you, please mark your calendars. A 5 percent penalty applies to returns filed after the due date. To be filed on time, WebFile returns must be submitted by the due date and paper returns and payment vouchers must be postmarked by the U.S. Postal Service on or before the due date. 

New City and County Local Taxes

The cities of **Fairmount**, **Gwinner** and **Page** have each imposed a 1 percent sales and use tax effective April 1, 2005. The new taxes will be reported as follows on the local option tax schedule: Fairmount

location code 206; Gwinner location code 207; and Page location code 208. All transactions exempt from North Dakota sales tax will also be exempt from the local taxes. In addition, Gwinner will exempt sales of natural gas. The city of Page will limit the tax to a maximum amount of \$25 per transaction. Each invoice is a transaction for purposes of the local tax. Fairmount and Gwinner do not have a maximum tax provision. None of the city ordinances provide for retailer compensation.

Steele County has also imposed a 1 percent sales and use tax effective April 1. Steele County tax will be reported under location code 503. The county will exempt coin-operated vending sales less than \$1 and the gross receipts from coin-operated amusement as well as all transactions exempt from North Dakota sales tax. Steele County will limit the tax to a maximum of \$25 per transaction (invoice). The county ordinance does not provide for retailer compensation

See the third page of this newsletter for a complete listing of all city and county sales and use taxes imposed in North Dakota. All local sales taxes are administered by the Tax Commissioner's Office. 



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Border Workshops

The North Dakota Office of State Tax Commissioner is participating with Minnesota and South Dakota to present joint sales and use tax workshops. The workshops will include similarities and differences in the states' sales and use tax laws. The workshops are free, but be sure to register in advance to verify there is room available.


North Dakota/Minnesota Sales Tax Issue Workshop

Fargo, ND 5/03/05 9:00am – 12:30pm
West Acres Mall – basement meeting room

To register call the Minnesota Department of Revenue at 651-297-4213 or call our office at 701-328-3475.


North Dakota/South Dakota Sales Tax Issue Workshop

Watertown, SD 5/04/05 9:00am – 12:30pm Sales Tax
Lake Area Technical Institute 1:00pm – 3:00pm Contractors Tax

To register for this workshop on-line, go to www.state.sd.us/revenue, call the South Dakota Department of Revenue at 800-829-9188, or call our office at 701-328-3475. 


***The workshops
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Greater North Dakota Chamber of Commerce Workshops

The Greater North Dakota Chamber of Commerce will be sponsoring Business Update Workshops across the state in May 2005. The Office of State Tax Commissioner will join the Department of Labor, Job Service North Dakota, and Workforce Safety & Insurance to present an overview of 2005 legislation and other topics of interest. For more information or to register see www.ndchamber.com, contact the ND Chamber at 701-222-0929, or e-mail ndchamber@ndchamber.com. 

Internet Sales

Internet sellers located in North Dakota are required to collect the state and applicable local sales taxes on sales of tangible personal property sold to customers located in North Dakota. The total sale, including delivery charges, is subject to sales tax.

North Dakota Internet sellers making sales and shipping items to customers located outside North Dakota are regarded as “sales in interstate commerce” and are not subject to sales tax in North Dakota. 

No Sales Tax Due

If you do not have any sales tax activity to report for a specific filing period, you must still file the tax return for that filing period and indicate zero on the first line of your tax return.

Failure to file a sales tax return may result in additional penalty charges, and may possibly result in the revocation of your sales tax permit. 

Local Option Sales and Use Taxes As of April 1, 2005

City	Current Rate Initiated	Rate	Maximum Tax Due
Aneta	1-1-05	1%	\$25/sale
Ashley	4-1-98	1%	\$25/sale
Beach	10-1-97	1%	\$25/sale
Belfield	4-1-95	1%	\$25/sale
Berthold	1-1-96	1%	\$25/sale
Beulah	10-1-03	1%	\$25/sale
Bismarck	4-1-86	1%	\$25/sale
Bottineau	10-1-99	2%	\$50/sale
Bowman	10-1-94	1%	\$25/sale
Buffalo	1-1-03	1%	\$25/sale
Carrington	1-1-94	1%	\$25/sale
Carson	10-1-02	1%	\$25/sale
Casselton	4-1-98	1%	\$25/sale
Cavalier	10-1-98	1½%	\$37.50/sale
Cooperstown	7-1-96	1%	\$25/sale
Crosby	1-1-93	1%	\$25/sale
Devils Lake	1-1-97	1½%	\$25/sale
Dickinson	1-1-02	1½%	\$37.50/sale
Drayton	10-1-97	1%	\$25/sale
Dunseith	1-1-05	1%	\$25/sale
Edgeley	1-1-97	1%	\$25/sale
Edinburg	4-1-99	1%	\$25/sale
Elgin	4-1-00	1%	\$25/sale
Ellendale	10-1-95	1%	\$25/sale
Enderlin	10-1-98	1%	\$25/sale
Fairmount	4-1-05	1%	No maximum
Fargo	1-1-05	1½%	\$37.50/sale
Finley	10-1-98	1%	\$25/sale
Fort Ransom	1-1-00	1%	\$25/sale
Garrison	1-1-96	1%	\$25/sale
Grafton	1-1-91	1%	\$25/sale
Grand Forks	7-1-00	1¾% or 2% ¹	\$43.75/sale
Grenora	10-1-02	1%	\$25/sale
Gwinner	4-1-05	1%	No maximum
Halliday	7-1-96	1%	\$25/sale
Hankinson	10-1-97	1%	\$25/sale
Hannaford	10-1-04	1%	\$50/sale
Harvey	10-1-91	1%	\$25/sale
Hatton	4-1-98	1%	\$25/sale
Hazleton	10-1-00	1%	\$25/sale
Hazen	4-1-95	1%	\$25/sale
Hettinger	7-1-96	1%	\$25/sale
Hillsboro	1-1-03	2%	\$50/sale
Hoople	1-1-99	1%	\$25/sale
Hope	1-1-01	1%	\$25/sale
Jamestown	4-1-02	2%	\$50/sale
Kenmare	1-1-93	1%	\$25/sale
Killdeer	4-1-95	1%	\$25/sale
Kulm	4-1-98	1%	\$25/sale
LaMoure	1-1-05	1½%	\$25/sale
Langdon	1-1-94	1%	\$25/sale
Larimore	1-1-95	1%	\$25/sale
Lidgerwood	10-1-00	1%	\$25/sale
Linton	10-1-93	1%	\$25/sale
Lisbon	7-1-95	1%	\$25/sale
Maddock	10-1-02	1½%	\$25/sale
Mandan	4-1-91	1%	\$25/sale
Mayville	7-1-03	2%	\$50/sale
McClusky	1-1-96	1%	\$25/sale

City	Current Rate Initiated	Rate	Maximum Tax Due
McVie	1-1-02	1%	\$25/sale
Medora	4-1-02	2½%	\$25/single unit
Michigan	4-1-04	1½%	\$25/sale
Milnor	10-1-02	1½%	\$25/sale
Minot	1-1-98	2%	\$50/customer/day
Mohall	10-1-92	1%	\$25/sale
Mott	4-1-04	1½%	\$25/sale
Munich	1-1-99	1%	\$25/sale
Napoleon	10-1-96	1%	\$25/sale
Neché	1-1-04	1%	\$25/sale
New England	10-1-02	1%	\$25/sale
New Leipzig	1-1-99	1%	\$25/sale
New Rockford	10-1-96	1%	\$25/sale
Northwood	1-1-03	1%	\$25/sale
Oakes	10-1-03	1½%	\$25/sale
Oxbow	1-1-02	1%	No maximum
Page	4-1-05	1%	\$25/sale
Park River	1-1-05	2% or 1% ²	\$25/sale
Pembina	1-1-93	1%	\$25/sale
Portland	7-1-03	2%	\$50/sale
Powers Lake	4-1-97	1%	\$25/sale
Reeder	1-1-03	1%	\$25/sale
Rolette	1-1-03	1%	\$25/sale
Rolla	10-1-04	1½%	\$25/sale
Rugby	1-1-93	1%	\$25/sale
St. John	1-1-01	1%	\$25/sale
Stanley	10-1-95	1%	\$25/sale
Steele	10-1-96	1%	\$25/sale
Strasburg	4-1-93	1%	\$25/sale
Tioga	1-1-95	1%	\$25/sale
Tower City	10-1-02	1%	\$25/sale
Towner	10-1-98	1%	\$25/sale
Turtle Lake	10-1-00	1%	\$25/sale
Valley City	7-1-03	1½%	\$37.50/sale
Velva	1-1-99	1%	\$25/sale
Wahpeton	10-1-99	1½%	\$25/sale
Walhalla	10-1-97	1%	\$25/sale
Washburn	10-1-00	1%	\$25/sale
Watford City	10-1-98	1%	\$25/sale
West Fargo	10-1-94	1%	\$25/sale
Williston	4-1-03	2%	\$50/sale
Wilton	10-1-00	1%	\$25/sale
Wimbledon	1-1-05	1%	\$25/sale
Wishek	4-1-97	1%	\$25/sale

County:

Steele	4-1-05	1%	\$25/sale
Walsh	4-1-01	¼%	\$25/sale

Sales Tax Only:

Cando	1-1-98	1%	\$25/sale
Regent	1-1-97	1%	\$25/sale
Richardton	10-1-97	1%	\$25/sale
Scranton	4-1-02	1%	\$25/sale

¹ Grand Forks rate is 2 percent on sales of prepared food, beverages, on-sale alcoholic beverages, and leasing or renting of hotel, motel, bed and breakfast or tourist court accommodations; and 1¾ percent on all other sales, rentals, or leases subject to the city sales and use tax .

² Park River sales tax rate is 2 percent, but use tax rate is 1 percent.


The sale of carpet, which does not include installation, is subject to sales tax based on the total selling price to the customer.

Carpet Sales

The sale of carpet, which does not include installation, is subject to sales tax based on the total selling price to the customer, including any charge for delivery.


When a seller agrees to sell and have the carpet installed, the seller is regarded as a contractor and the carpet used in performing the contract is considered to be building materials. Sales of carpet to the seller or persons using them to perform contracts to make additions or improvements to realty are retail sales subject to sales or use tax.

- ABC Carpet Store sells carpet to Customer A. Sales tax applies on the total selling price, plus delivery, to Customer A.
- ABC Carpet Store agrees to sell and install carpet for Customer A. ABC employees install the carpet. ABC Carpet Store is responsible for the payment of sales or use tax on its cost of the carpet, and should remit sales tax to its supplier or remit use tax directly to the State Tax Commissioner by reporting the cost of the carpet on Line 17 of its sales and use tax return. No sales tax is charged to the customer.
- ABC Carpet Store agrees to sell and install carpet for Customer A. ABC Carpet Store subcontracts with XYZ Company to install the carpet. ABC Carpet Store is responsible for the payment of sales or use tax on its cost of the carpet, and should remit sales tax to its supplier or remit use tax directly to the State Tax Commissioner by reporting the cost of the carpet on Line 17 of its sales and use tax return. No sales tax is charged to the customer.

For sales and installation projects involving government agencies, schools, or other exempt organizations, the seller must pay sales or use tax on the purchase price of all carpet and miscellaneous materials installed. Acceptance of an exemption certificate or resale certificate will not relieve the carpet seller of its responsibility to pay the sales or use tax on the cost of materials where the carpet seller furnishes and agrees to install or subcontracts to install carpeting. 

Taxpayer Assistance

If you have questions regarding sales tax or about correspondence received from our office, the following information will be helpful in ensuring that your call or visit to our office is completed in a speedy and efficient manner:

- If you have general sales tax questions, please call our Sales Tax Compliance Section at (701) 328-3470.
- If calling our office about correspondence you have received, please call the number that is listed on the correspondence, and have a copy of the correspondence available when you call.
- When calling our office, please note the name of the person assisting with your question in the event you will have any follow-up questions later.
- Instead of calling or visiting our office, you may also e-mail us at **salestax@state.nd.us**. 



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